

Week 06

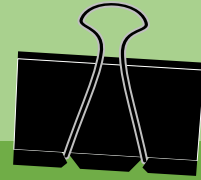
Capsule – C: Management & Strategy

Instructor – Maria Mohsin



Unit # 6:

Developing an Innovative Business Plan



Business Plan

What is Business Plan?

A business plan helps you run your business

- ❖ It is a formal written document containing the goals of a business, the methods for attaining those goals, and the time-frame for the achievement of the goals
- ❖ A good business plan guides you through each stage of starting and managing your business



What is Business Plan?

- ❖ A business plan is a written document used by small medium businesses (SMBs), entrepreneurs and other new ventures when starting a business.
- ❖ It serves several purposes, such as attracting potential partners, as well as investors and banks when it comes to raising capital.
- ❖ Most importantly though, you'll be able to use your business plan as a roadmap for how to structure, operate and manage your new venture.



Elements of a Business Plan

Components of a Business Plan



The business plan mainly comprises of five main components i.e.

- **Executive Summary**
- **Company Description** (incorporating a vision & mission statement, products & services)
- **Marketing Analysis** (analysis of competitive environment using SWOT, / PEST / Porter's five forces)
- **Management and Organization** (People & Requirements, marketing and operations plan)
- **Financial projection**

Executive Summary

- It's the first part of the document, serving its own standalone purposes, just like in a business proposal.
- **It comprises of a concept statement** – a short explanation of what you want to achieve
- Briefly tell your reader what your company is and why it will be successful.
- **It includes the company's mission statement, product or service lines, and basic information about company's leadership team, employees, and location.**
- It shall also include financial information and high-level growth plans if you plan to ask for financing.

Company's Description

This section includes detailed information about the company i.e.

- **Business name**
- **Back ground story about the business**
- **Company's purpose and mission statement** (A mission statement takes the 'why' of what you do and consolidates it into about one to two sentences; it has four key elements i.e. Value, Inspiration, Plausibility, Specificity)
- **Development stage of your business** (at this moment as well as past achievements you're proud of as this will draw attention to the competitive advantages that can help your business succeed, such as teaming up with other experts in the industry or offering specialized products or services.)
- **Follow up with your future plans** (by mentioning your goals, partnered with your plan of action for achieving them. Describe the milestones of these goals in a timeline fashion, thinking in terms of quarters and years. Your current or potential investors and other stakeholders will want to know how you plan to grow your business)

Company's Description – products & services

This section includes details related to current and future products and services in depth

- **Descriptions and potential names of each offerings**
- **Predict any questions** that could arise from someone who knows nothing about them or even the related industry.
- **Answer them extensively**, making sure to not leave out a single detail.
- Finish this section by listing your pricing plan, including the cost of the materials and labor, the cost of the final products/services, and the profit you intend to make on each unit or you can link it with the Financial Plan by referring to it.

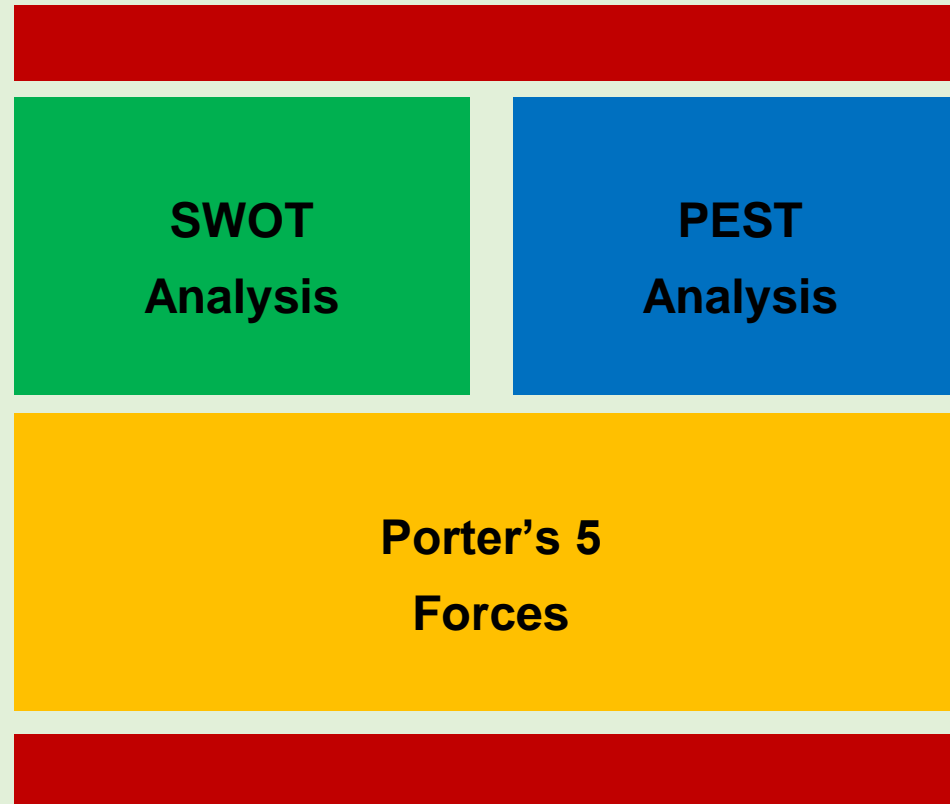
Market Analysis

This is one of the most extensive sections of the business plan requiring to conduct **market research**, **draw conclusions**, and write out the **related findings** for the following points:

- **Industry background** Give a background of the industry your business operates in, whether that's health and wellness, education, or something else. Answer questions like: "What's the current status of the industry?" and "How is it expected to change?" Discuss the key business players and their offerings.
- **Competitor review** List and analyze your top competitors and how you plan to compete with them.
- **Barrier to entry** Explain what makes it difficult for a newcomer to enter the industry. Is it high start up costs? Specific equipment? Patent requirements?
- **Target market** (describe exactly what your potential customer base looks like within this industry, using your market's demographics, such as age and occupation. You can also include buyer personas to gain valuable insights into the needs and wants of your ideal customer)
- **Assess your business** (explain how your business fits into the chosen industry, what are the advantages, what is the demand for your product and service and how will you attract customers and achieve the target audience)

Market Analysis

In order to assess the internal and external environment of the business following models can be used;



Market Analysis

SWOT analysis looks at the **strengths, weaknesses**, (internal factors) **opportunities**, and **threats** (external factors) of an individual or organization to analyze its internal potential.

PEST analysis allows managers, marketing, and financial experts to examine specific factors (outside of money) when making decisions about the company's services or products. It examines **political, economic, sociocultural**, and **technological** factors.

Porter's 5 Forces is a comparative analysis strategy that analyzes competitive market forces within an industry. It examines the industry using the following five key competitive forces;

- **Threat of new entrants**
- **Threat of substitutes**
- **Bargaining power of suppliers**
- **Bargaining power of buyers**
- **Industry rivalry**

Management and Organization

In this section, you've got to detail how your business idea will translate into selling and delivering your offerings to potential customers i.e. Marketing & Operations Plan.

- Start by **building your brand**
- With your brand in place, the next thing to do is **explain your advertising and promotion plan**, along with your marketing budget.
- Share with your reader how your **business will be structured** and who will be the people that make it what it is. This includes everyone from your founders and executive team to all of the other stakeholders.
- Stakeholders include Board of Directors and advisors, shareholders, heads of departments and other team members – **hired or not hired**
- To display all of this, **create a visual layout of your stakeholders**. A diagram or pyramid of some sort will do the job. Following that, **describe the roles of the key players** mentioned in your illustration.

Financial Projections

It's always important to know how you will be able to sustain your business financially, both for your own sake and for that of potential investors.

In this section, write out the answers to the following kinds of questions:

- How much will you need to **invest at first**?
- How much **funding** are you requesting **from investors**?
- How long until you'll start earning a **profit**?
- How much profit do you expect to earn in the **next year? 3 years? 5 years?**

Additionally, you'll need to be able to manage your finances through budgeting and keeping track of your income and expenses

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Types of Business Plan

Most business plans fall into one of two common categories: traditional or lean startup.

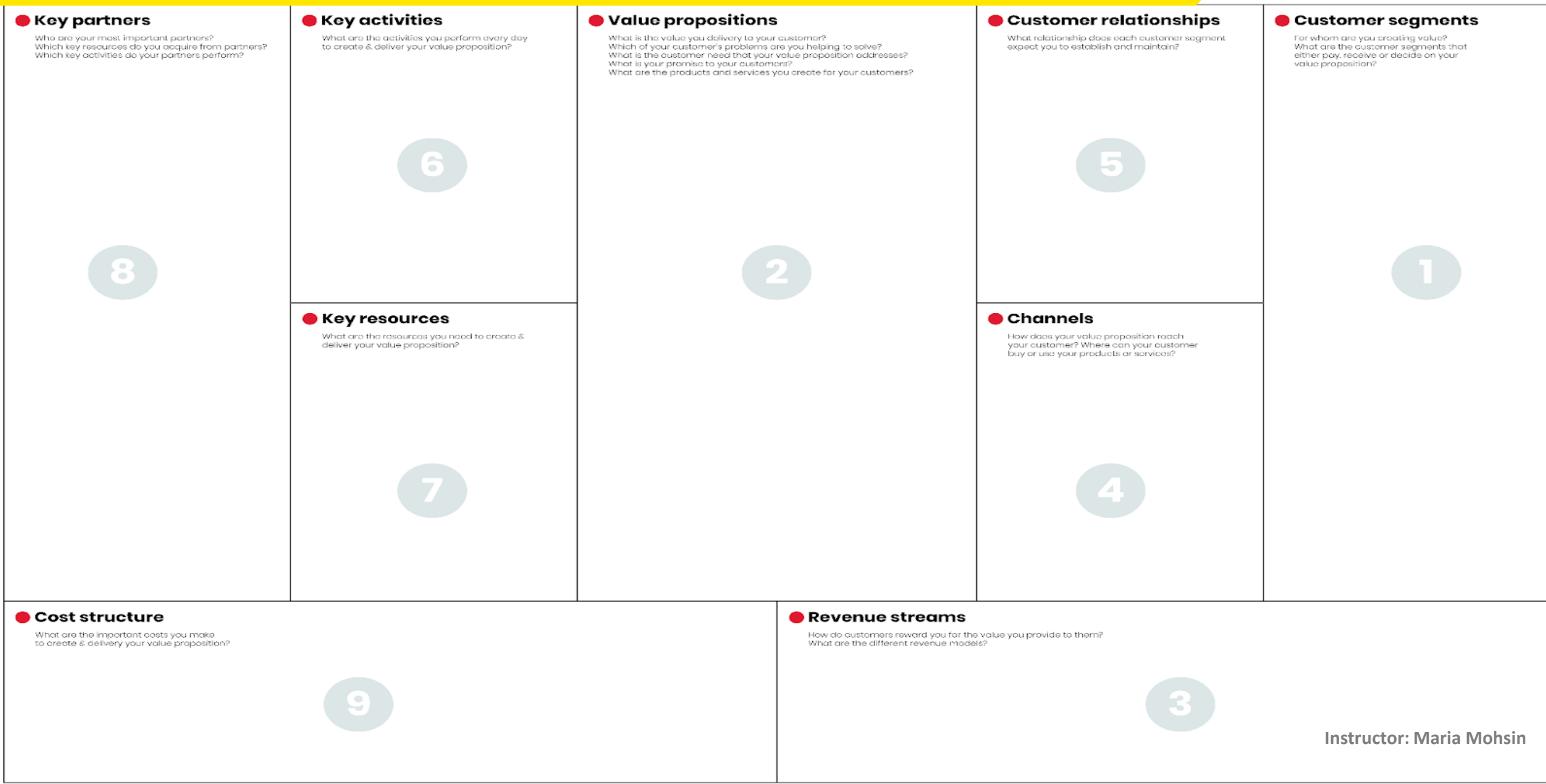
Traditional Business Plans	Lean Startup Plan
<ul style="list-style-type: none">■ Traditional business plans are more commonly used■ Have a standard structure, and encourage you to go into detail in each section.■ They tend to require more work upfront and can be dozens of pages long	<ul style="list-style-type: none">■ Lean startup business plans are less common but still use a standard structure.■ They focus on summarizing only the most important points of the key elements of your plan.■ They can take as little as one hour to make and are typically only one page.

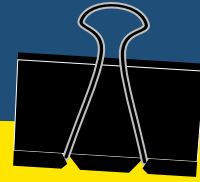
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Traditional Business Plans	Lean Startup Plan
Executive Summary	Key partnerships
Company Description	Key activities
Market Analysis	Key resources
Organization and management	Value proposition
Service or product line	Customer relationships
Marketing and sales	Customer segments
Funding request	Channels
Financial projections	Cost structure
Appendix (if required)	Revenue streams

Types of Business Plan – Lean Start-up Plan





The End